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The Qatar crisis: Challenges and opportunities

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ABSTRACT

This study reviews the challenges and opportunities encountered by Qatar because of the blockade imposed by the neighboring countries, namely Saudi Arabia, the United Arab Emirates (UAE), Bahrain, and Egypt. It endeavors to highlight potential scenarios of the crisis. This paper employs a secondary source of information to achieve the objectives, such as books, articles, reports, and academic research, which were later subjected to thematic analysis. The findings of this research reveal that crisis management was an effective strategy implemented by the Qatari Government. It helped Qatari officials to change and transfer the negative impacts to a positive force. The crisis management strategy encouraged Qatar to rely on their local industries, improve education and media institutes, and use Qatar's soft power internationally. Although 2017 was a challenging year for Qatar due to the crisis, yet the national economy showed an accelerated growth of 5% in the second half of the same year.

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Introduction

The Qatar crisis started on 5th June 2017 when Saudi Arabia, the United Arab Emirates, Bahrain, and Egypt cut diplomatic relations with Qatar. The blockading countries banned Qatari airlines and ships from using their air, land, and sea routes (Davison, et. al, 2017). They issued a list of demands to be fulfilled by Qatar to end this crisis with an ultimatum of ten days to fulfill these demands, which included the closure of Al-Jazeera TV channel, reducing diplomatic ties with Iran and cessation of Qatar military coordination with Turkey. However, Qatar rejected the demands ultimately, and refused any negotiation with the blockading countries, and considered these demands to damage national security and erode Qatar's sovereignty. Kuwait played the role of mediator in this crisis due to its good relations with all Gulf countries. The blockading countries accepted a position. However, the Sultanate of Oman was not directly involved in the mediation due to some tense relations with the UAE and KSA (Al-Ansari, et al. 2018). This study employs interviews as a primary source of information and books, journal articles, and reports as secondary sources, including the Emir of Qatar's speech on the crisis and demands of the blockading countries. These sources are significant in completing the study and provide facts and figures on the crisis's advantages and disadvantages and future scenarios. The paper also explains the Kuwaiti and Omani positions towards the crisis and the role of Iran and Turkey. It also presents the part of the media and how Qatar responded to the crisis.

Substantial disagreements between members of the Gulf Cooperation Council (GCC) have threatened to undermine its existence. In March 2014, Saudi Arabia, UAE, and Bahrain withdrew their ambassadors from Qatar, which was the first of its kind since the GCC formation in 1981. This incident set a precedent in terms of dispute resolution between the member states of the GCC. This predicament negatively affected the GCC and revealed shifts in the political strategy and the balance of power within the GCC (Ulrichsen, 2017). The GCC countries' underlying disagreement is not a new phenomenon, as occasionally having different viewpoints led to differences. Such differences raised the point about the GCC's role, nature, and performance as a regional organization (Hassan, 2015). The GCC is a regional organization aiming to provide security and prosperity to the Gulf States. Yet, it remains operationally ineffective, as evidenced by its failure to prevent Iraq's invasion of Kuwait and the subsequent threat to Saudi Arabia in the early 1990s. Ulrichsen (2009) considered that conflicts between member states and the absence of a regular perception

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of risk and danger are at the top of the list of reasons why the GCC states did not organize themselves into an overarching defense framework.

Foreign policies of GCC countries have fundamentally changed since the 2011 Arab uprisings. A consensus and caution that has been a hallmark of external engagement for decades has given way to a range of ways to have extra assertive insurance policies in response to regional and global instability. The Gulf Cooperation Council can be interpreted as an instrument used by the member states, as unitary rational actors, to optimize their physical security from outside. GCC countries agreed to a policy of non-interference into the internal affairs of any GCC member. They also supported a policy of condemning any support to any party, organization, or individuals who seek to threaten the stability and security of any of the GCC member (Hassan, 2015). The return of the ambassadors after signing the agreement ended the initial crisis. Still, the central dilemma of lack of confidence among the member states and their conflicts of interest was likely to remain the same for time to come, and that is precisely what happened in June 2017.

This study analyses the challenges and opportunities encountered by Qatar because of the blockade imposed by the neighboring countries, namely Saudi Arabia, the United Arab Emirates (UAE), Bahrain, and Egypt.

The paper attempts to highlight potential scenarios of the crisis. This paper employs secondary source of information to achieve the objectives, such as books, articles, reports, and academic research, which were later subjected to thematic analysis.

Theoretical Review and Conceptual Background

Qatar Crisis

Saudi Arabia, the United Arab Emirates, Bahrain, and Egypt declared on Monday, 5th June 2017 that they are cutting off diplomatic relations with the State of Qatar and enforcing a blockade by shutting all air, sea, and land ports. This move marked the beginning of an accelerated and unforeseen escalation in the systemic and wide-ranging campaign against Qatar, which was based on publishing false information and fabricated news, including the Qatar News Agency's Qena web piracy (Government Communication Office, 2017). Mainly, following the Arab Spring, the split between the blockading countries and Qatar was due to Qatar's foreign policy. They claimed sponsored various protests and political movements, especially the support of the Muslim Brotherhood in Egypt. These countries accused Al-Jazeera TV channel of subverting the news and fostering discontent in those countries. This diplomatic dispute was embedded in Kuwait's mediation, and agreements were signed in 2014 (Kabalan, 2017). The Emir of Qatar, Sheikh Tamim bin Hamad Al Thani delivered a speech to Qatar and its residents on July 17, 2017. He talked about the prevailing situation and future directions considering the ongoing crisis. The Emir stated that "those who have taken these steps have not realized that the world's people do not tolerate injustice. People do not believe the misleading ideas, and there are limits to targeted ads' efficacy, which even the perpetrators themselves do not think so. Therefore, the Arab and non-Arab countries have supported us or did not stand with the blockade. The countries that took these steps relied on Western allegations of terrorism. However, it soon became apparent that both the Western and we would not embrace the charge of terrorism merely because of political discord or for reasons such as undermining pluralism at home by tarnishing other countries' reputation isolating them on the international scene. The conduct undermines the war on terror, apart from being unjust" (Government Communications Office, 2017). The Emir, Sheikh Tamim, through this speech, managed to reassure his people and every resident in Qatar and gave them a feeling of security and stability. He encouraged people that Qatar's things would not change, and the speech gave everyone in the State of Qatar a hope. This is how the president of any state talks to his people during unexpected events in the country and asks his people to ignore any blockade countries' messages to live in peace. In short, Qatari people and residents stand with the government in the crisis, and their love for Emir of Qatar is not something new; it is the result of successful government management (Al-Sharq Newspaper, Jun 10, 2018).

Qatari foreign minister Sheikh Muhammad bin Abdul Rahman Al Thani was interviewed by CNN channel broadcaster Becky Anderson in 2019 regarding the crisis demand. He was asked, "How do you think of these demands. He said, "We in Qatar want to recognize and investigate the grievances and find remedies that will shield us from a possible crisis in the future. The demands include closing the Al-Jazeera channel, reducing the level of ties with Iran, and closing the military base in Turkey, and cutting off contact with the Muslim Brotherhood. The Wall Street Journal published a report stating that Doha would cut ties with the Muslim Brotherhood as a gesture to resolve a dispute soon, is that true?" (CNN Arabic, Dec. 16, 2019). Some countries, including Kuwait and Oman, offered mediation as a tool of conflict resolution. Rex Tillerson, Secretary of State, conducted a mediation shuttle with his Arab Gulf colleagues. He hosted the Qatari Foreign Minister and the Kuwaiti Minister of State for Cabinet Affairs in Washington DC. Besides, US President, Trump, called the crown prince of Saudi Arabia, the crown prince of UAE, and the Emir of Qatar in July 2017 to express his desire to resolve this crisis (DePetris, 2017). Trump showed that the blockading countries' demands are unrealistic and impractical (Khoury, 2017). People of the Gulf region were disappointed as the crisis continued. Kuwait, a GCC member and a close friend of all conflicting parties, failed to reconcile the crisis. Consequently, the Gulf Cooperation Council has been divided into three groups. The first includes KSA, UAE, and Bahrain that represents the politics of blockade; the second group includes Oman and Kuwait that works to protect the GCC establishment. The third is Qatar's state as a blockaded country.

Qatar's response to the crisis has been significant and rapid to finding alternative commercial products in record time, forming new alliances, and achieving self-sufficiency in agricultural and industrial products. By relying on collective management, Qatar faced the crisis and adopted a strategy through which it suffered all the consequences, especially at the political and economic levels (Gulf Times Newspaper, 2018). Moreover, Qatar has been able to stand against the blockade due to its significant reserves, many import

options, various sea, and air outlets, and significant-scale investment-related economic partners (Al Jazeera, Jun 5, 2019). Emir Tamim bin Hamad Al Thani said, “Rationality and commitment will build our independence building to protect our national security and improve our bilateral relations with countries worldwide. We are called upon to open our economy to initiatives and investment to generate our food and medicine and diversify our sources of income, and to achieve our economic freedom in bilateral partnership ties with other countries, in our geographical environment and throughout the world, and based on common interests and mutual respect. We are also called upon to improve our educational, academic, and media institutions and all our soft strengths on an international level” (Government Communications Office, 2017).

Roots of Qatar Crisis

According to Smith (2019), Qatar's crisis roots are its independent foreign policy pursued in recent years. Qatar has taken a more positive line towards political Islam, particularly the Muslim Brotherhood, than neighboring countries that tend to see them as a threat to their legitimacy. Thus, Saudi Arabia accuses Qatar of financing “*extremist organizations*” and giving refuge and voice to KSA and UAE opponents. Though, Qatar accused KSA and UAE of being despotic and on the wrong side of history, taking a more positive line on the Arab uprisings of 2011. The origins of the demand to close Al-Jazeera could be traced back to the Arab Spring in 2011 (Al Jazeera, June 5, 2017). Nevertheless, political tensions have a long history in the Arab Peninsula. According to Kinninmont (2019), the main reason for the rift is that the blockading countries refused Qatar's support for Islamist movements in the Middle East region, particularly the Muslim Brotherhood. However, the Quartet has raised the stakes with a list of thirteen demands for Qatar to change its policies, including the Al-Jazeera TV channel's closure. This demand has helped Qatar comprehend that it is being punished for supporting pro-democracy movements and free media, rather than justifying the blockading countries' performance.

Qatar Foreign Policy & Arab Spring: Since 1995, Qatar has been working to shape its independent foreign policy. However, this required to build a new system for its international relations and find different ways to reduce Saudi influence. Thus, it used to mean such as the Al-Jazeera media platform as a powerful TV station that promotes the interest of Qatar's state. It has been working to increase its political impact on international matters through mediation. Besides, Qatar has made real progress in economic development, which has made it economically stable, in the region and the whole world, with Qatar owning assets in countries such as France, Germany, and the United Kingdom (Abu Sulaibn, 2017). Many scholars such as Falk (2018), Lucas (2017), and Lynch (2017), report that Qatar's independent foreign policy and the Arab Spring are a source of tension between Qatar's and its neighboring GCC countries. Arab spring is one of the main reasons for the difference in the vision of the blockading countries and Qatar. Also, since the 2011 Arab revolutions outbreak, Qatari policy has clashed with Emirati diplomacy (Al- Eip (2020).

The Role of Mass Media: Schoemaker & Stremlau (2014) argue that most of the available literature takes the conventional view that media plays a role in fostering post-conflict cooperation. Mass media can lead the nations to conflict due to its strength. By such power, the press will transcend conventional borders and connect people dispersed around the world. Al-Jazeera TV channel is being instrumental in limiting world politics (Ghanem, 2018). Al-Jazeera's full media independence has ensured it has become the primary source of information in the Arab world. More precisely, Al-Jazeera offers favorable consideration to some political movements conflicting with KSA and UAE's interests, such as the Muslim Brotherhood.

Allegation of Funding “Terrorism”: The primary long-term cause of the dispute between the blockading countries and Qatar is Doha's political support for Islamist groups that are politically associated with the Muslim Brotherhood. The Saudi-led camp claims that there is no distinction between the Brotherhood and the more openly militant terrorist groups they face regarding the danger posed by such parties. Saudi Arabia, Egypt and the UAE consider Qatar as a politically and militarily support Islamist groups who have a perception that political Islam was an ascendant force in the region. Qatar is seen pushing to improve its global influence by communicating with specific groups on behalf of the international community; and a willingness to question the status quo, including the rule of traditional Saudi allies (Al-Mokh, Z. (2019).

The Egyptian political regime led by Abdel Fatah al-Sisi, crashed the Muslim Brotherhood as the primary political opponent and banned their activities. Egypt agreed to join the Saudi-led coalition against Qatar based on recognition of the Muslim Brotherhood as a “terrorist group”. Egypt became a main actor in the Qatar crisis as the blockading countries consider the Muslim Brotherhood as a terrorist group and believed that Qatar is supporting the Brotherhood. Yet, as a member of the GCC, Kuwait thinks the Muslim Brotherhood in Kuwait as a political party and has representatives in the parliament (Chughtai, A. (2018).

General Implications on Qatar Crisis

Objectives of the Blockading Countries

The following table explains the motivations of the blockading countries and their objectives against Qatar. It is about the leader's personalities, family, regime's security, foreign policy competition, and societal perspectives. Foreign policy competition is considered as the most critical factor. Since the outbreak of the Arab Spring in 2011, Saudi Arabia and its allies have taken significant steps to enhance their regimes against possible political changes. Saudi Arabia and UAE have been involved in the war in Yemen. The United Arab Emirates has been supporting the warmongers in some countries in the region, especially in Libya. In contrast, Qatar has helped the people's choice through uprisings in the region by young generations against oppression regimes (Partridge, 2018).

Table 1: Drivers & Motivations of Arab Quarte

	Saudi Arabia	UAE	Bahrain	Egypt
Leaders/ personalities	Rise of Crown Prince Mohammed bin Salman Al Saud, and a strong, strategic alliance with Abu Dhabi leadership, has encouraged development of a shared view of the Muslim Brotherhood.	Crown Prince Mohammed bin Zayed Al Nahyan has been preoccupied with Qatar/Muslim Brotherhood threat for years. There is a view in the UAE that Qatar's 'Father Emir', Sheikh Hamad bin Khalifa Al Thani, is still pulling the strings in Doha.	Long-running border disputes between Bahrain and Qatar had been resolved under King Hamad bin Issa Al Khalifa, and there had even been plans for a 'Friendship Causeway' to link the main island of Bahrain to Qatar (reducing Bahrain's dependence on Saudi Arabia for imports).	President Abdel Fatah al-Sisi has accused Qatar of consistently trying to undermine the Egyptian regime.
Family/party	Saudi Arabia opposed Emir Hamad's bloodless 1995 coup against his father and allegedly supported a failed counter-coup in 1996. The Qatari leadership is regarded as having been closer to former Crown Prince Mohammed bin Nayef Al Saud than to his successor, Mohammed bin Salman.	Crown Prince Mohammed bin Zayed is publicly unchallenged when it comes to foreign policy, although there are suggestions that Dubai is less supportive of the trade embargo because of its role as a hub for Gulf (and wider) trade.	Historical conflicts between the two dynasties had been largely relegated to the past, but some parts of the Al Khalifa family still resent Qatar.	The Egyptian military accused Qatar, among others, of orchestrating the 2011 uprising that brought the Muslim Brotherhood to power. Former president Mohammed Morsi (elected in 2012 but swiftly deposed in the 2013 coup) was convicted of spying for Qatar in 2016.
Regime security	Saudi Arabia has accused Qatar of supporting Saudi dissidents, specifically those associated with the <i>sahwa</i> movement, who have some ideological commonalities with the Muslim Brotherhood. By contrast, the previous crown prince had worked with some of them against Al-Qaeda.	The UAE has accused Qatar of directly supporting, funding and training Muslim Brotherhood dissidents in the country. In 2013 the UAE convicted 69 people on charges of plotting a coup on behalf of the Brotherhood.	Bahrain's local Muslim Brotherhood party enjoys a good relationship with the government. The government has latterly found it more politically expedient to accuse Qatar of funding and backing the largely Shia Islamist opposition – an accusation it has more usually levelled at Iran.	Egypt has blamed Qatar for supporting the Egyptian Muslim Brotherhood and the government of Mohammed Morsi, who was overthrown in a coup in 2013.
Foreign policy competition	There is a history of differences, between Bahrain and Qatar, Saudi Arabia over the Arab spring, as well as competition in Syria. Qatar sent small numbers of forces into Bahrain in 2011 and into Yemen in 2015 to show solidarity with other GCC countries.	The UAE and Qatar backed different sides in Egypt, Libya, Gaza and Tunisia. The UAE sees Qatar supporting the Muslim Brotherhood/ Islamists, at odds with the Emirati preference for secular, socially liberal authoritarians.	Bahrain's foreign policy is essentially to follow the Saudi line.	Egypt works closely with the UAE in Libya.
Societal perspectives	The GCC dispute is not one of the top priorities for Saudis, who are preoccupied by a host of domestic issues. The embargo does not necessarily enjoy strong support in Saudi Arabia, but neither is it a focus of particular criticism (which is in any case strongly discouraged).	The UAE has banned anyone in UAE territory from expressing sympathy with Qatar on social media (this extended to the arrest of a British national who wore a Qatar football shirt to a Qatar–Iraq football match that took place in Abu Dhabi as part of the 2019 Asian Cup).	Bahrain has said that it is illegal for citizens and residents to express sympathy with Qatar on social media. Since 2011 many Bahraini Sunnis, fearful of an Iranian threat, have rallied around their government. It is harder to mobilize Bahraini society against Qatar.	A significant minority still supports the Muslim Brotherhood, which is now banned as a terrorist organization.

Source: Kinninmont, 2019

The Role of Iran & Turkey

Iran and Turkey have dealt with the Qatar crisis with intense pragmatism, as both countries have substantial opportunities to enter the Qatari market and increase their presence in its arena. In addition to announcing their support to Qatar in the face of the boycott vote, Tehran and Ankara have sent shipments of food and other goods to Doha via coastal and remote air and sea routes. Turkey was swift to improve its military presence by accelerating a Doha base's construction and conducting joint exercises with the Qatari armed forces. Qatar has also opened to directly draw Turkish investments to reward Turkish support for Doha in its crisis (TRT World, Nov 26, 2018).

On 11th June 2017, Iran announced that it had sent four aircraft to Qatar, carrying 90 tons of perishable food, mostly vegetables and fruits (Financial Tribune, Dec. 3, 2017). Turkey sent its first marine ships loaded with 4,000 tons of food and goods to Qatar on 21st June 2017 (TRT World, 2017). In August 2017, the first direct transport service for refrigerated products between Qatar and Turkey was launched to operate regularly. It was ensured that it arrives from the Turkish port of Izmir within eleven days. As for Iran, it allocated a seaport to facilitate the transportation of goods and food commodities, specifically to Qatar, with three shipments per week via ships (Al Jazeera, Nov. 14, 2017).

Media Role in the Crisis

Tactics of using more advanced technologies like cyberwar are being used by Saudi Arabia, the UAE, and Bahrain. For example, employ social media to harass and detain people who showed online sympathy for Qatar. The UAE imposes jail sentences of 3 to 15 years and fines of 500,000 Dirham on those showing support for Qatar State (Kabalan, 2018). Moreover, the U.S. intelligence claimed that the UAE government was behind the Qatar News Agency's hacking, in which hackers attributed false claims to Emir of Qatar. The hack's timing and purposive intent could be considered an act of war. While media can be used as a war instrument to suppress freedoms and legitimize conflicts, it is also an essential element of democracy. Participatory democracies are most prominently enabled through the media, which facilitates a free forum for discussion. Referring to the GCC's current crisis (Wahyuni, 2018). geopolitical complexities seem to have been used as an excuse to crack down on media activists. "Media and information literacy are critical and underpin many of the global media agenda issues, including "fake news" and online combating violent extremism" (Sharaf, 2017). Governments and communities should encourage policies that allow individuals to "make choices about their media consumption and have access to pluralistic viewpoints," not those aiming to limit access to news media. Al-Jazeera and other news organizations play a vital role in bringing stories to the fore - stories of interest to Arabs and people worldwide (Gasim, 2018).

Advantages of the Crisis on Qatar

Despite the harmful impact, Qatar has benefited from the crises. Qatar's government made the best efforts to turn the crisis into advantages. The latter kept Qatar fighting against the blockading countries without fear (Sloan, 2019). Some of these advantages are discussed as follow:

Social Impacts of the Crisis: The siege united the Qatari people, including those with views on public affairs, under the leadership of His Highness Emir Tamim bin Hamad Al Thani. The Emir appeared to them as an inspirational leader, and this appeared in public discourse, in children's faces, and in the "murals" that spread throughout Qatar. The blockade has stirred the creative energies into expressing patriotism, opposing the blockade and adhering to the principles announced in the Emir's lofty speech, which embodied the situation in Qatar "we honor ourselves first and foremost. I call on everyone to continue this approach and not fall into what is not suitable for our prince and us. It is a strong sign of the "siblings" lost because of loss of direction and lack of perspective (Naheem, 2017). Its bright orientation cast a shadow over Qatari's imagination in the fields of poetry, television images, radio and television shows, plastic arts, and social media as well" (REF). The composers and singers also mastered the sublime presentation of the "patriotism", expressing what is simmering in Qataris' hearts and their standing against the right to injustice (Doha International Family Institute, 2018).

Positive Impacts on the Economy: The year 2017 has been a challenging year for Qatar for several reasons. Although there has been some substantial growth, headwinds affected the national economy. Economic data from Qatar shows that growth accelerated to 5% G.D.P. Growth in the second half of 2017 was due to a rapid rebound from the political and economic blockade, with potential economic forecasts for the crisis future projections for economic growth and development remain balanced and positive (Qatar Ports Management Company, 2017). The column graph in the next Figure illustrates the differences between the GDP annual Growth rates (July 2015- July 2018). The growth rate of Qatar's GDP in July 2017 shows a sharp drop. In terms of growth rate in July 2017, it reached 0.8%, and this drop is reasonable as the country is under the crisis in the same period. Nevertheless, in 2018 there was a sharp and level up growth rate to touch at 3.9%, which means that Qatar proved it could control the economy's drop with planned strategies.

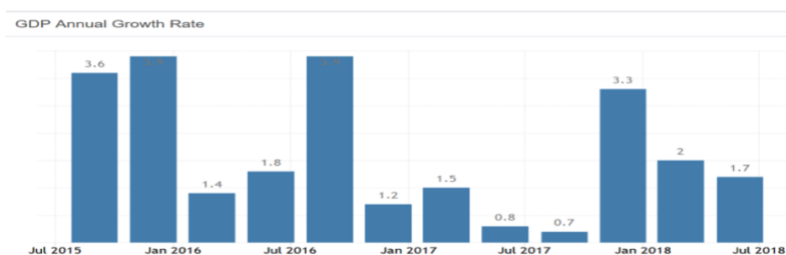


Figure 1: Qatar GDP Annual Growth Rate (Jul 2015 - Jul 2018). Source: tradeeconomics.com

Positive Impacts on Imports & Exports: Qatari government depends on land and sea imports to sustain its population's bare necessities. Qatar imports 90% of its food, 40% through Saudi Arabia, and UAE borders (Baabood, 2017). Qatar's imports heavily depend on KSA and UAE. Besides, when the boycott took place in Ramadan, there was a total shortage of essential products on the supermarket shelves in Qatar, as the people hurried to stockpile necessities. However, Qatar has identified alternative sources of imports of essential commodities through Iran, Turkey, and Oman (Azween, 2017). The graph in the next figure shows Qatar exports between 2008 and 2018. In 2012, 2013, and 2014 the Qatari exports reached approximately 140 billion dollars, while, in 2017 reached 67.5 billion dollars.

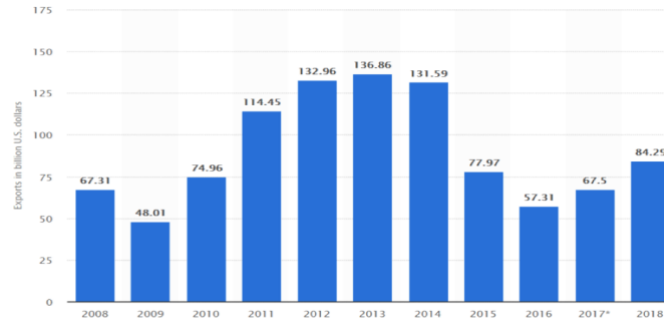


Figure 2: Qatar Exports (2008-2018) Source: stata

Swiftly, the Qatari government created a strategy against the crisis. The Qatari exports jumped and touched at 84.29 billion dollars. The next figure shows the exports in Qatar between 2019 and 2020. It can be seen that Qatar depended on its local industry and their export started to increase as the export amount reached to 84.29 billion dollars in 2018 while in 2020 Qatar export reached to 235.99 billion dollars. It is clear that since April 2019, Qatar's export was slightly increased (Plecher, Mar 4, 2020).

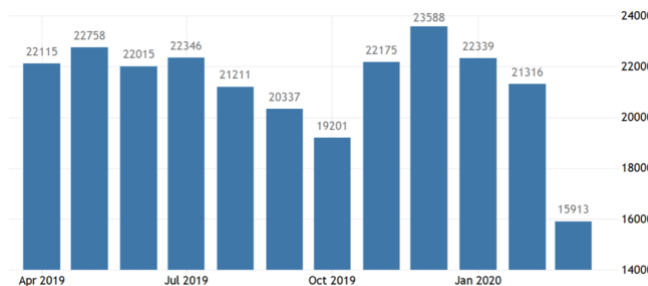


Figure 3: Qatar Exports (Apr 2019-Jan 2020; Source: Tradingeconomics

Positive Impact on Logistics: Qatar ports reported exceptional performance in 2018, despite the continuing blockade imposed on Qatar's state. After a year of unprecedented success, in 2018, all ports could reach new record rates of container handling and productivity and break old records for processing. Despite the continued blockade and the closure of its land borders, Qatar has reinforced its resilience in the logistics sector and affirmed its capacity to resolve the conditions generated by the blockade (Hijazi, May 27, 2019). The year 2017 was the most productive year for Qatar ports as they officially started operations in Hamad Port. Qatar launched a transitional economic plan based on self-reliance to secure its needs, preserving the independence of production and manufacturing activities and doing everything possible to maintain food and medical services, in cooperation with the private sector in Qatar and regional and international partners. With direct services now connecting to Qatar, the global shipping industry has demonstrated confidence in Qatar's commitment to ports growth and a leading presence in the region (Mawani Qatar Annual Report, 2017). The year 2017 recorded a number of cruise tourists visiting Qatar was at Doha Port. The port has undergone a remarkable transformation to satisfy the demands of the marine tourism industry. Dredging and construction work on Doha Port's reconstruction began in 2018 and included the access channel's realignment. The redeveloped port will serve as a cruise terminal and hold the most significant vessels (Qatar Ports Management Company, 2018).

Cruise Ships Vessel Calls: The graph in the next figure illustrates the differences between the numbers of cruise ships vessel in 2017 compared to 2018. In the four-quarters after the crisis began in 2017, the number of cruise vessels became only one compared to January 2015 as it was four vessels in a sharp decline. The tourists worldwide are searching for countries that have stability and peace to enjoy their stay. However, when the Qatar crisis began, the tourists were scared to visit Qatar as they felt that it was not safe to travel to a country under the mess. Moreover, it is noticeable that in the fourth quarter of 2017, the number of cruise ships started to increase as in October, it was one ship, while in December, and the number of cruise ships reached three, which is an excellent indicator to Qatar. In January 2018, the number of cruise ships was five and increased by December 2018, to reach nine. This sign is a clear indication that Qatar is speedily recovering (Al Kalbani, Jun 12, 2019).

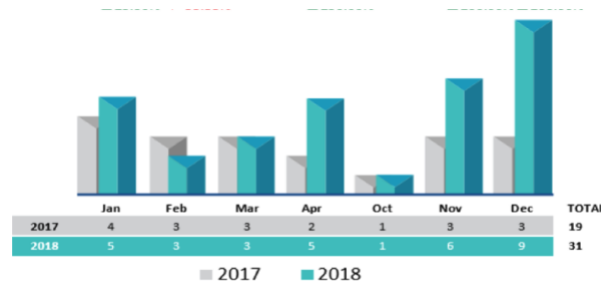


Figure 4: Variance from 2017- Cruise Ships Vessel. Source: Qatar Company Ports Managements, 2018.

Impacts on Qatar Airways: The associated market diversification policy helps Qatar Airways to benefit from the economies of scale as the company shares the same departments of H.R., information technology, finance, and product creation, and this approach enables the airline to operate cost-effectively (Arab News, 2020). Where the business activity of Qatar Airways was affected after the blockade and thus had to go through different types of diversification (Anayiss, 2017), including the following:

- i. Despite more than 30 of its daily flights canceled due to a neighboring blockade, Qatar Airways introduced an innovative method to save capacity. The carrier has agreed to lease nine of its Airbus A320 aircraft to British Airways for short-haul routes through the summer.
- ii. Qatar Airways acquisition 9.61% of Cathay Pacific, further promoting the investment strategy of Qatar Airways, which already includes 20% investment in the International Airlines Group, 10% investment in the LATAM Airlines Group, and 49% investment in Meridiana.
- iii. Qatar Airways and U.S. private aviation firm JetSuite have reported that Qatar Airways has indirectly taken a minority interest in JetSuite and JetSuiteX. Its investment, Qatar Airways joins JetBlue Airways and many private investors as partners in both JetSuite and JetSuiteX.
- iv. Qatar Airways plans to operate an airline of at least 100 planes in India, said the carrier, Akbar Al Baker.
- v. Qatar Airways signed a Memorandum of Understanding (MoU) with Moscow's Vnukovo International Airport, Russia's third-largest hub, to buy up to 25% of the total airport shares.
- vi. Accelerate expansion plans with 26 new destinations (Dehbi, 2018).

Disadvantages of the Crisis on Qatar

Although there are advantages to Qatar resulting from the crisis, it has certain disadvantages, mainly on the economy and society.

The Impact of Blockade on Society: The crisis has an impact on the Qatari society. The social challenges outlined by Doha International Family Institute & Qatar Foundation (2018) reported are:

- i. Family Separation: Most of the Gulf families have been affected by unilateral steps to limit travel and other freedom due to the blockading countries' measures.
- ii. Family Members Dispute: Some disputes and disagreements occurred between members of Qatari or mixed families in the blockading countries and their relatives.
- iii. Family Interactions: Under the blockade, there has been a poor contact between family members, and as a result, family interaction has taken a hit.

Another aspect of crisis can be traced to psychological challenges, as identified by Doha International Family Institute & Qatar Foundation (2018). They are as follows:

- i. Psychological trauma: Some families voiced psychological shock when they heard of the blockade declaration and the following removal of Qatari citizens from the blockading Gulf States.
- ii. Fear and anxiety: There was a sense of apprehension and worry in many families because of the deterioration of relationships between families. As a result of this political crisis, some expressed fear and concern about their future and their children's future and "fear of their families."
- iii. Sadness and anguish: Many female respondents expressed feelings of sadness and anxiety because things went wrong.
- iv. Conflicting Feelings: The contradiction/conflict in their emotions towards their relatives were among the most prominent issues listed by some of these families.
- v. Loss of Safety and Security: Many families feel vulnerable and insecure.

Economic Issues

The boycott involves multiple economic aspects aimed at the repression of Qatar State. The blockading countries blocked entry into Qatar of all types of food, pharmaceutical, manufacturing, and other imports (Qatar GDP Annual Growth Rate, 2020). Nevertheless, the government was able to ensure that it still meets Qatar's various needs by shortening the local market and attracting more individuals and companies to expand their businesses or start new projects that can help Qatar achieve self-sufficiency. Not only was the economic harm contained to the State of Qatar, but it also included Qatar's trade and investment with and within the blockading countries. As a result of the closure of all border terminals, Qataris were prohibited from entering these countries. The blockading

countries prevent any agreement with Qataris and prevent its withdrawal of their funds or disposing of their investments. Hundreds of traders and property owners suffered significant financial losses (Al Jazeera, 2017). Nonetheless, these countries have not stopped enforcing sanctions and fines on anyone expressing sympathy with Qatar's citizens, but have also banned the movement of Qatari currency, the riyal, and blocked all financial transactions with Qatar. It made it increasingly impossible for many to support their families and continue to give them daily remittances in those countries. Traveling home or visiting relatives and family friends became troublesome, slower, and costlier as people were forced to go to Kuwait or Oman to get to Qatar. It meant that many families would face economic difficulties to support themselves and find new ways to provide a decent living for family members (Bouoiyour & Selmi, 2019).

In 2017, and mainly since the blockade's effect, Qatar's inflation has stabilized by about 1%. The impact of the sudden breakdown of economic and political relations among many leading trading partners has led to higher prices for daily consumables, particularly during the second and third quarters. But with the introduction of government contingency measures and reformatting of supply chains, inflationary pressures were gone away. Inflation will be driven by growth within the infrastructure sector in the medium to long term with an increase rising to nearly 5% in 2018 due to large-scale projects such as Qatar Rail and preparations for the 2022 World Cup (Mawani Qatar, 2018).

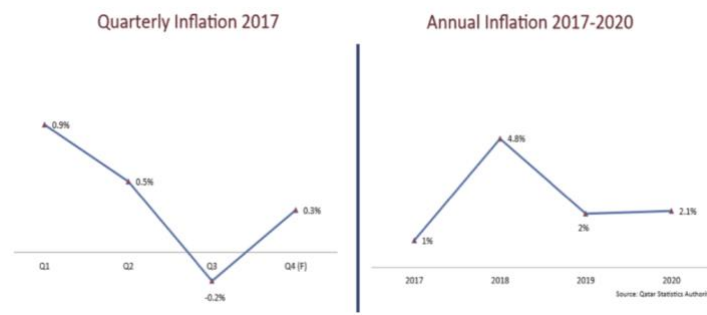


Figure 5: Qatar Inflation 2019; Source Qatar Statistics Authority, 2019.

The economic blockade effect caused a decrease in real estate prices (rental and sales) and in gross tourism figures, which means that the economy witnessed downward inflation pressures and would continue to average about 2%. New fiscal control initiatives, increasing hydrocarbon prices, and increased import costs are primary drivers of inflation in the medium to long term. Any removal of the existing economic blockade will alleviate inflation due to lower costs in shipment and transportation (Mawani Qatar, 2018).

The Crisis Impact on Qatar Airways: the current crisis has adversely impacted Qatar Airways. Saudi Arabia, Bahrain, the UAE, and Egypt prevented Qatar's Airways from using their airspace and thus suspended all flights to and from Doha, Qatar's capital. The blockade forced the airline to deviate from its operations via Turkey and Iran, resulting in a significant rise in flying hours, particularly to Africa and South America. Qatar's airways service could not operate nearly 50 flights a day to its central GCC locations. It was a shocking occurrence for the airline to lose 18 percent of its total seating ability (Arab News, 2020). According to Gulf Times (2018), Qatar Airways began seeking alternative solutions to compensate for the loss of large markets in the aftermath of the crisis.

Conclusion

In crises, there are negative or positive outcomes. This research covered the real positive and negative impacts of the crisis on Qatar, especially in terms of economy and social aspects. In-depth, the crisis led Qatar to adopt the conflict management strategy, which increases the positive conflict outcomes. Through this study, the researcher tried to identify the critical challenges faced by Qatar during the crisis and explore options to overcome the difficulties. The focus was placed on a business diversification strategy to compensate for the impact of the Qatar crisis. Besides, the conflict management strategy employed by Qatar has given its due importance. It is an effective method and is of contemporary significance to change the adverse outcomes into positive ones. Qatar used practical tools to loosen the tension and alleviate the negative impact of the blockade. It coordinated trade and businesses, and products with Turkey, Iran, and India.

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